

Remarks on the Federal Budget

February 26, 2009

All right. Before I begin, I have some good news to report. Starting today, the recently unemployed will benefit from a COBRA subsidy that will make health care affordable. At a time when health care is too often too expensive for the unemployed, this critical step will help 7 million Americans who've lost their jobs keep their health care. That's 7 million Americans who will have one less thing to worry about when they go to sleep at night. Equally important, it prevents a further downward spiral in our economy by ensuring that these families don't fall further behind because of mounting health care bills. And it is a direct result of the American Recovery and Reinvestment Act that I signed into law the other week, a recovery plan that has only just begun to yield benefits for the American people.

But while we must add to our deficits in the short term to provide immediate relief to families and get our economy moving, it is only by restoring fiscal discipline over the long run that we can produce sustained growth and shared prosperity. And that is precisely the purpose of the budget I'm submitting to Congress today.

In keeping with my commitment to make our Government more open and transparent, this budget is an honest accounting of where we are and where we intend to go. For too long, our budget has not told the whole truth about how precious tax dollars are spent. Large sums have been left off the books, including the true cost of fighting in Iraq and Afghanistan. And that kind of dishonest accounting is not how you run your family budgets at home; it's not how your Government should run its budgets either. We need to be honest with ourselves about what costs are being racked up, because that's how we'll come to grips with the hard choices that lie ahead. And there are some hard choices that lie ahead.

Just as a family has to make hard choices about where to spend and where to save, so do we as a Government. You know, there are times where you can afford to redecorate your house and there are times where you need to focus on rebuilding its foundation. Today, we have to focus on foundations. Having inherited a trillion-dollar deficit that will take a long time for us to close, we need to focus on what we need to move the economy forward, not on what's nice to have. And that's why, on Monday, I held a fiscal summit to come up with a plan to put us on a more sustainable path. And that is why, as we develop a full budget that will come out this spring, we're going to go through our books page by page, line by line, to eliminate waste and inefficiency. This is a process that will take some time, but in the last 30 days alone, we have already identified \$2 trillion in deficit reductions that will help us cut our deficit in half by the end of my first term.

For example, Agriculture Secretary Tom Vilsack is saving nearly \$20 million with reforms to modernize programs and streamline bureaucracy. Interior Secretary Salazar will save nearly \$200 million by stopping wasteful payments to clean up abandoned coal mines that just happen to have already been cleaned up. Education Secretary Duncan is set to save tens of millions dollars more by cutting an ineffective mentoring program for students, a program whose mission is being carried out by 100 other programs in 13 other agencies.

We've targeted almost \$50 billion in savings by cracking down on overpayments of benefits and tax loopholes; that is money going to businesses and people to which they are simply not entitled.

This is just the beginning of the cuts we're going to make. No part of my budget will be free from scrutiny or untouched by reform. We will end no-bid contracts that have wasted billions in Iraq and end tax breaks for corporations that ship jobs overseas. And we'll save billions of dollars by rolling back tax cuts for the wealthiest Americans while giving a middle class tax cut to 95 percent of hard-working families. But we'll also have to do something more. We will, each and every one of us, have to compromise on certain things we care about, but which we simply cannot afford right now. That's a sacrifice we're going to have to make.

Now, I know that this will not always sit well with the special interests and their lobbyists here in Washington, who think our budget and tax system is just fine as it is. No wonder; it works for them. I don't think that we can continue on our current course. I work for the American people, and I'm determined to bring the change that the people voted for last November. And that means cutting what we don't need to pay for what we do.

Now, what I won't do—as I mentioned at the joint session speech a couple of days ago—what I won't do is sacrifice investments that will make America stronger, more competitive, and more prosperous in the 21st century; investments that have been neglected for too long. These investments must be America's priorities, and that's what they will be when I sign this budget into law.

Because our future depends on our ability to break free from oil that's controlled by foreign dictators, we need to make clean, renewable energy the profitable kind of energy. That's why we'll be working with Congress on legislation that places a market-based cap on carbon pollution and drives the production of more renewable energy.

And to support this effort, we'll invest \$15 billion a year for 10 years to develop technologies like wind power and solar power and to build more efficient cars and trucks right here in America. It's an investment that will put people back to work, make our Nation more secure, and help us meet our obligation as good stewards of the Earth we all inhabit.

Because of crushing health care costs and the fact that they drag down our economy, bankrupt our families, and represent the fastest growing part of our budget, we must make it a priority to give every single American quality, affordable health care. That's why this budget builds on what we have already done over the last month to expand coverage for millions more children, to computerize health records to cut waste and reduce medical errors, which save, by the way, not only tax dollars but lives.

With this budget, we are making a historic commitment to comprehensive health care reform. It's a step that will not only make families healthier and companies more competitive, but over the long term, it will also help us bring down our deficit.

And because countries that out-teach us today will out-compete us tomorrow, we must make excellence the hallmark of an American education. That's why this budget supports the historic investment in education we made as part of the recovery plan by matching new resources with new reform. We want to create incentives for better teacher performance and pathways for advancement. We want to reward success in the classroom. And we'll invest in innovative initiatives that will help schools meet high standards and close achievement gaps, preparing students for the high-paying jobs of tomorrow, but also helping them fulfill their God-given potential.

These must be the priorities reflected in our budget. For in the end, a budget is more than simply numbers on a page. It is a measure of how well we are living up to our obligations to ourselves and one another. It is a test for our commitment to making America what it was

always meant to be, a place where all things are possible for all people. That is a commitment we are making in this, my first budget, and it is a commitment I will work every day to uphold in the months and years ahead.

I want to thank all of you for being here, but I also want to give a special thanks to Peter Orszag, Rob Nabors. They have been working tirelessly in getting this budget prepared, getting it out in a timely fashion. They're going to be doing more work in the weeks to come. And I am absolutely confident that as messy as this process can sometimes be, that we are going to be able to produce a budget that delivers for the American people.

All right. Thank you.

No questions today. Good to see you though.

NOTE: The President spoke at 9:55 a.m. in Room 350 at the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to Peter Orszag, Director, and Robert Nabors, Deputy Director, Office of Management and Budget.

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